

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-09 ISO-00 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00

FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03

IO-10 PA-01 PRS-01 USIA-06 /125 W

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R 230840Z APR 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9617

INFO AMEMBASSY ALGIERS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY JIDDA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

US MISSION EC BRUSSELS

U S MISSION OECD PARIS

U S MISSION NATO 284

U S MISSION USUN 1230

AMEMBASSY BRASILIA

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C O N F I D E N T I A L TOKYO 5334

E.O. 11652: GDS

TAGS: ENRG, JA

SUBJ: CONSUMER/PRODUCER PREPCON

1. ECON/COMM MINISTER DISCUSSED FOREIGN OFFICE ASSESSMENT OF WHERE THINGS STAND IN AFTERMATH OF PRODUCER CONSUMER PREPCON WITH HIROMICHI MIYAZAKI, DIRECTOR-GENERAL OF ECONOMIC AFFAIRS BUREAU. WHILE ACKNOWLEDGING THAT FRENCH HAD QTE MADE SOME MISTAKES UNQTE IN HANDLING PREPCON, MIYAZAKI ATTRIBUTED BREAKDOWN TO INABILITY OF BOTH PRODUCER AND CONSUMER DELEGATIONS TO MOVE AWAY FROM RIGID INSTRUCTIONS FROM THEIR RESPECTIVE GOVERNMENTS. JAPANESE REGRETTED PREPCON DID NOT SIMPLY GO INTO RECESS AFTER 4-5 DAYS.

2. MIYAZAKI SAID OFFICIAL JAPANESE POLICY FAVORS REOPENING OF P/C DIALOGUE AS SOON AS POSSIBLE, BUT CITED SEVERAL PRECONDITIONS WHICH MAY DELAY PROCESS:

A. EC MUST FORMULATE A COMMON ENERGY POLICY, I.E., FRANCE MUST BE RECONCILED WITH ITS EUROPEAN PARTNERS (MIYAZAKI SEEMED TO THINK THIS WOULD NOT BE AN INSURMOUNTABLE OBSTACLE):

B. MODERATE OPEC COUNTRIES MUST OVERCOME ALGERIAN, AND TO A LESSER EXTENT, VENEZUELAN OPPOSITION TO P/C DIALOGUE ON TNYTHING EXCEPT PRODUCER TERMS:

C. FRANCE HAS TO "DO SOMETHING" TO FULFILL ITS COMMITMENTS CONTAINED IN THE ALGERIAN COMMUNIQUE:

D. US MUST SUPPORT EFFORTS TOREOPEN DIALOGUE.

3. MIYAZAKI DOUBTED RESULTS OF PREPCON COULD BE DIGESTED IN TIME FOR NEW INITITIATIVES TO BE SURFACED AT IEA GOVERNING BOARD MEETING NEXT WEEK, BUT INFORMAL EXCHANGE OF VIEWS MIGHT LEAD TO SOME CRYSTALIZATION OF IDEAS BY THE TIME OF IEA MINISTERIAL MEETING END OF MAY. HE
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SAID THAT JAPAN HAS NO NEW IDEAS AT MOMENT OF HOW DIALOGUE COULD BEREACTIVATED AND THAT IT IS UNLIKELY JAPAN WOULD LAUNCH ANY INITIATIVDE OF ITS OWN. MIYAZAKI DID NOT THINK PREPCON IMPASSE WOULD AFFECT GOJ ATTITUDE TOWARD ON-GOING IEA WORK BUT HE DID OBSERVE THAT ELABORATION OF APPROPRIATE MECHANISM TO PROTECT INVESTMENT IN ALTERNATIVE ENERGY USE WAS LINKED TO P/C DIALOGUE.

4. WITH RESPECT TO WHETHER TIME FAVORS PRODUCERS OR CONSUMERS AT THIS POINT, MIYAZAKI SAID PETOLEUM SUPPLY WOULD PROBABLY OUTSTRIP DEMAND UNTIL WELL INTO 1977, BUT HE WAS PESSIMISTIC OVER THE LONGER TERM. IF ECONOMIC ACTIVITY PICKS UP IN 1977, HE SAID, NO ONE KNOWS WHAT WILL HAPPEN. NEVERTHELESS, MIYAZAKI BELIEVES IT IS

POLITICALLY IMPOSSIBLE FOR GOJ TO OBTAIN DIET APPROVAL FOR ANY PROGRA TO DEVELOP ALTERNATIVE ENERGY THAT INVOLVES A FLOOR PRICE. HE SAID HE WAS BITTERLY CRITICIZED BY OPPOSITION PARTIES FOR NOT SUBMITTING IEA MEMBERSHIP TO DIET FOR APPROVAL, AND GOJ IS NOT STRONG ENOUGH TO WITHSTAND ANOTHER ATTACK ON SIMILAR ISSUE.

5. PRESS COVERAGE OF PREPCON BREAKDOWN HAS BEEN SURPRISINGLY SPARSE, IN PART BECAUSE OF EVENTS IN SOUTHEAST ASIA. ARTICLES QUOTING GOVERNMENT SOURCES GENERALLY ATTRIBUTED REASONS FOR BREAKDOWN TO UNBRIDGABLE GAPS BETWEEN PRODUCERS AND CONSUMERS AND LACK OF IMMEDIACY IN ENERGY PROBLEMS. ONE ARTICLE, HOWEVER, ALLEGED THAT A HIGH LEVEL FOREIGN OFFICE OFFICIAL ATTRIBUTED FAILURE TO FRENCH MISHANDLING. MIYAZAKI VIGOROUSLY DENIED STORY TO EMBASSY, WHICH HE SAID HAD OCCASIONED A VISIT TO THE FOREIGN OFFICE BY FRENCH AMBASSADOR.

6. COMMENT, ALTHOUGH OFFICIAL GOJ POLICY IS TO SEEK REOPENING OF P/C DIALOGUE, FOREIGN OFFICE CLEARLY DOES NOT HAVE ANY STRATEGY OF ITS OWN TO BRING THIS ABOUT.
HODGSON

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